

Strong Drilling Results for Beach

Strong drilling results, ongoing cost efficiencies and commercial initiatives have contributed to a solid third quarter result for Beach Energy in FY17.

Beach generated net operating cash flow of \$75 million, with available liquidity increasing by \$27 million during the quarter to more than \$675 million, following the payment of the interim dividend.

Given cost savings, operational efficiencies and timing of project completions, Beach has reduced its FY17 capital expenditure guidance to \$160 to \$170 million down from \$170 to \$185 million.

During the quarter, Beach completed its FY17 operated gas exploration campaign, which delivered three discoveries from four wells with preliminary estimates of 2P reserve additions of 3.4 MMboe.

A total of 40 wells have been drilled year-to-date with a success rate of 85%.

“It was another good quarter for Beach and we remain on track to meet production guidance in FY17 of between 10.3 and 10.7 MMboe. Operating efficiencies have also in part allowed us to reduce capital guidance” Beach’s Chief Executive Officer Matt Kay said.

“We are particularly pleased with the success of our gas exploration drilling and this provides confidence to further increase our gas drilling program in FY18. We have now commissioned the compression project at our Middleton gas facility and, given the exploration success, we are assessing a further facility expansion”.

Planned activity on the Western Flank includes horizontal drilling pilots to maximise oil production and recovery rates from proven but broadly untested reservoirs in the McKinlay Member and Birkhead Formation.

During the quarter Beach was awarded a \$6 million South Australian Government PACE grant to support drilling costs for a conventional gas exploration well on the Otway Basin targeting a 34Bcf prospect. If successful, Beach will pursue follow-up exploration prospects within the region.

The quarterly result was also supported by the initiation of a new gas sales agreement with Adelaide Brighton Cement and the expiry of the lower-priced legacy gas sales agreement within the Cooper Basin JV. As a result, Beach’s realised gas and ethane price increased by 6% over the quarter.